

The President's Daily Brief

16 March 1973

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TOP SECRET

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The North Vietnamese are preparing a major logistics effort. The phase of "political struggle" the Communists intend to carry out in South Vietnam is exemplified by the recent experience of the Mekong Delta region. (Page 1)

Chinese forces in northern Laos have been ordered to stop shooting at aircraft. (Page 2)

There has been an improvement in the atmosphere of Japanese-Soviet relations. (Page 3)

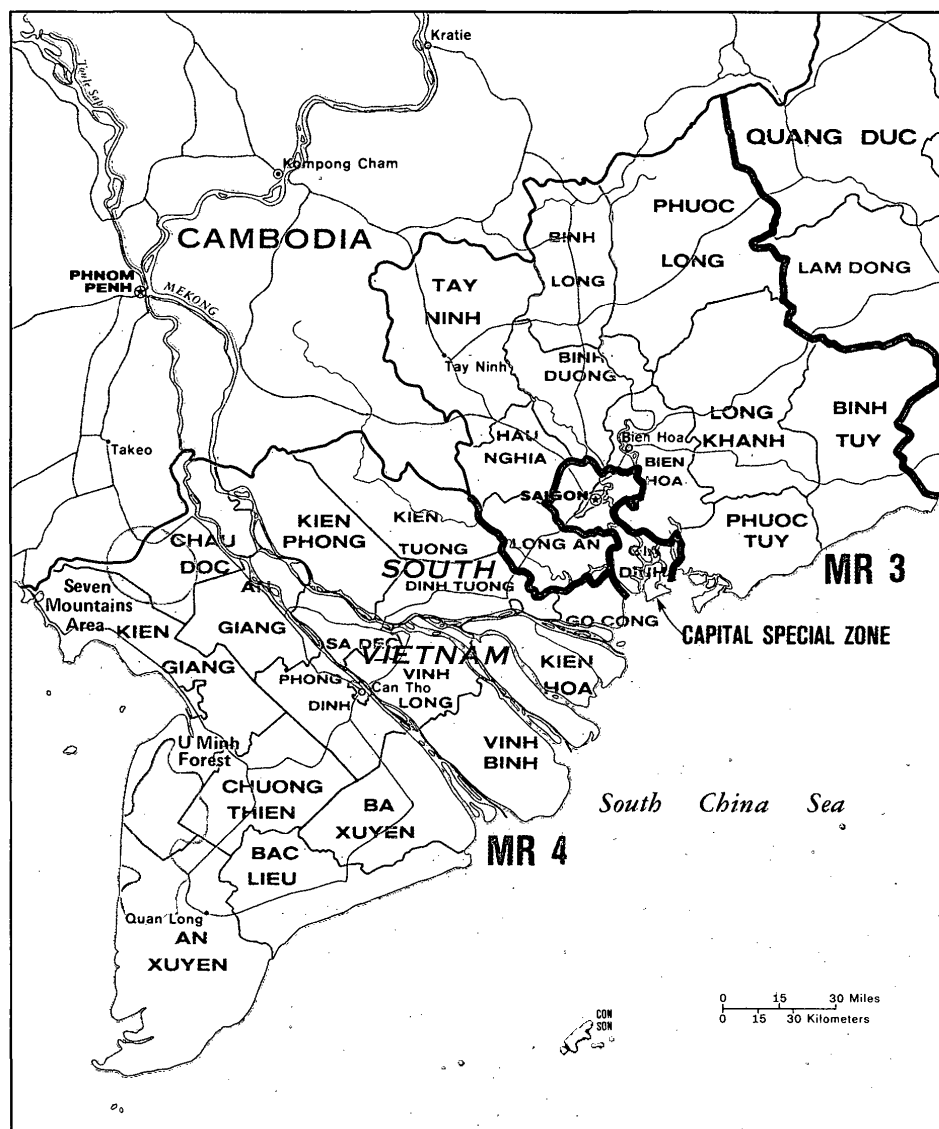
French officials do not like proposed US trade legislation. (Page 4)

King Faysal of Saudi Arabia has suspended aid to the Fatah group of fedayeen. (Page 5)

Chilean military officers may have given President Allende a means to move them out of policy-making posts. (Page 6)

On Cyprus, irredentist forces of General Grivas have begun a campaign of political bombing. (Page 7)

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SOUTH VIETNAM

Messages intercepted this week indicate that North Vietnamese military transportation units operating in northern South Vietnam and southern Laos are planning a "general transportation offensive" to last from 15 March to 31 May. One logistics unit operating in the same area was directed to initiate a "road and bridge restoration campaign" as part of the preparation for this "large transportation effort."

Aerial photography of 27 February showed the Communists improving roads and bridges in northern South Vietnam. The work appeared designed ultimately to give the Communists a through route from the Demilitarized Zone into the central highlands and to the coast as well. Such a road inside South Vietnam would run east of the mountains that keep the spring monsoon in Laos and would provide a dry alternate to the Ho Chi Minh Trail, which becomes impassable in the rains.

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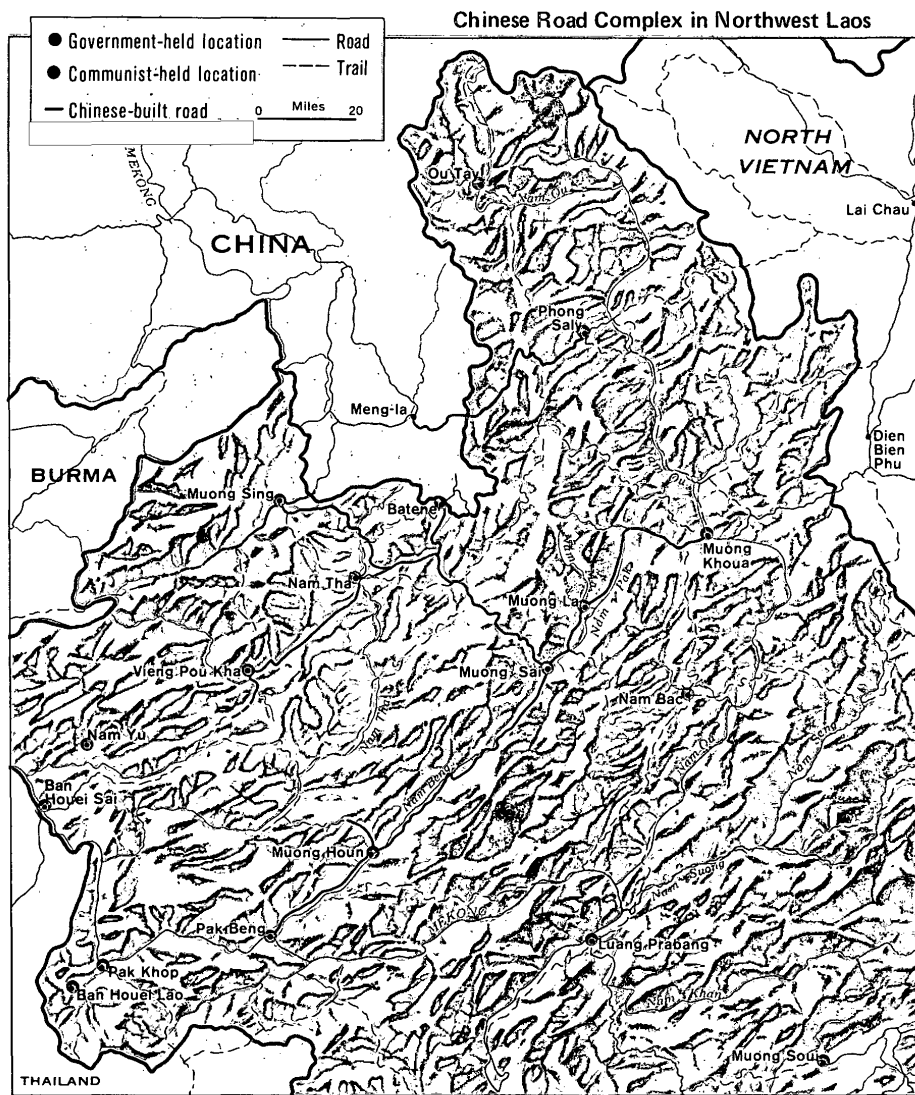
The heavily populated Mekong Delta region has been the scene of unspectacular but persistent fighting since 28 January. The government has improved its position in the northern delta, and the Communists have gained in the south.

In the northern delta, South Vietnamese forces have recovered most of the territory lost at the start of the cease-fire and are now setting up outposts where there has been no recent government presence. There are still sizable Communist forces in the area, but their access to the population has been restricted.

In the southern delta, the Communists have perceptibly increased their influence in Chuong Thien Province. They now have unimpeded access to communications and supply routes, as well as a potential base for operations in the central delta. In Chau Doc Province, the Communists have strengthened their bases in the Seven Mountains area, making easier their access to Cambodia. Bac Lieu and Ba Xuyen provinces are being contested, but there, the government appears to be holding its own.

Throughout the delta, Communist assassinations, abductions, and sabotage have recently increased. Other areas of the country have not yet experienced a comparable upsurge in terrorism, but such actions could soon become more general. Communist directives dealing with the period after the cease-fire have indicated that terrorism is to be a major part of the Viet Cong's "political struggle."

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CHINA-LAOS

Chinese forces have been ordered to refrain from firing on aircraft overflying the road complex they are building in northwest Laos, according to an intercepted message of 9 March. The new order was issued two days after an Air America cargo plane was lost while flying near Pak Beng, the southern terminus of the road network, where the Chinese are equipped with radar-controlled anti-aircraft weapons.

In the past, the Chinese have fired on aircraft flying in the area, and they probably shot down the Air America plane. The new directive indicates a Chinese decision not to let this happen again. They may reason that further incidents would draw attention to China's activities in the northwest at a time when the Lao Government and Communists are working out details of a peace accord. Peking no doubt also is motivated by a desire to avoid unnecessary irritants in relations with the US.

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JAPAN-USSR

There has been an improvement in the atmosphere of Soviet-Japanese relations, as a result of recent conciliatory gestures by both sides. Tokyo took the first steps. A few weeks ago the Japanese made it clear that they would not try to link the question of Japanese participation in joint economic ventures in Siberia with more intractable political problems. A letter from Prime Minister Tanaka to Brezhnev, delivered by the Japanese ambassador on 6 March, went further in promising Japanese Government backing for the \$1 billion Tyumen oil project. Tanaka's letter avoided any mention of the long-standing territorial issue that has impeded substantial improvement in ties between Tokyo and Moscow.

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The Soviets have seized the opportunity to re-iterate their own interest in better relations. [redacted]

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[redacted] Pravda gave unusually heavy play to positive commentary on the Soviet leader's meeting with the Japanese ambassador.

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Nevertheless, serious problems remain in the way of any fundamental improvement in political relations. [redacted]

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[redacted] *With respect to bilateral economic dealings, significant progress on joint ventures to exploit Siberian resources must await further exploration and negotiation.*

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The gestures of the past few weeks show, however, that Japan sees benefit in a modest improvement in ties with Moscow to balance recent advances in Sino-Japanese relations. For the present, the Soviets are clearly determined to repay smile for smile.

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FRANCE

Ambassador Malmgren and Deputy Assistant Secretary of Treasury Worthington briefed senior French officials this week on the President's proposed trade legislation. The US Embassy in Paris is now beginning to receive French reactions, which are critical.

--President Pompidou's financial and economic adviser described the proposed legislation as "brutal" in that it would give the US a distinct advantage when trade negotiations begin. The EC, he said, could not match such powers, and in any case, the power to "increase protection" was not the kind of mandate the Europeans hoped the US side would bring to the talks.

--The Foreign Ministry's director of economic affairs expressed particular uneasiness about the "broad criteria" for safeguarding against imports. He believes such authority would violate GATT rules and wondered whether the US intends to seek changes in these rules.

--These officials believe that the US will benefit from cumulative devaluations of the dollar and from the EC's joint float of its currencies, and they imply that the US should go easy on changing its trade laws until it can be discerned how much benefit is involved. The French have made it plain they do not wish to make trade concessions as a price for US participation in the establishment of a new monetary order.

The attitudes expressed above are, of course, designed to influence the administration as it drafts the proposed trade legislation. Such attitudes nevertheless reflect the positions France will take during future trade and monetary negotiations. Protection of the franc and of French agriculture is uppermost in the minds of French leaders, who would suffer politically if they failed on either account.

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SAUDI ARABIA - FEDAYEEN

In a conversation with Ambassador Thatcher on Wednesday, King Faysal reiterated his firm opposition to fedayeen terrorism and added that he had suspended financial aid to the Fatah group. He attempted to exonerate Fatah, however, from responsibility for the murders in Khartoum, attributing the act to "Communist and Zionist" elements in Fatah.

Faysal said he will not reinstate his aid until Fatah rids itself of such elements. He refuses, however, to make the suspension permanent. To do so, he said, would curtail Fatah's "normal activities" against Israel, and would, moreover, throw the fedayeen further into the arms of the "radicals." Denial of his aid would also open Saudi Arabia to attack from the fedayeen.

Faysal apparently clings to the belief that he can use financial aid to influence the fedayeen toward moderation. His commitment to the Arab struggle against Israel makes him reluctant to admit that his policy may have been a mistake.

Saudi support of Fatah runs to several million dollars a year, but even if it were cut off permanently, fedayeen terrorists would not be seriously hampered. The terrorist groups are relatively small and could operate on the basis of the aid they receive from numerous other sources, especially Libya.

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CHILE

Senior military officers, after consulting among themselves, have advised President Allende that they will stay in his government only if he adopts a moderate line in domestic affairs and tries to solve his problems with the US. The message was reluctantly conveyed by General Prats, Chile's interior minister and chief of the army, who was pressed into doing so by his fellow officers. [REDACTED]

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The military may have played into Allende's hands. Now that the elections are over and he no longer needs them to help project an image of stability, Allende sees no reason to retain military officers in the cabinet after Congress convenes in May. For cosmetic purposes, Allende is thinking of appointing additional military men to administrative, rather than policy-making positions, and there is no doubt he could find sympathetic officers willing to serve on such terms. Such a development, however, could intensify political differences within the armed forces, which have remained up to now relatively united in defense of constitutional rule.

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CYPRUS

On Thursday, General Grivas' forces responded to growing pressure from President Makarios by blowing up police stations and bombing the homes of police officers. Last night, in an apparent counterattack by Makarios supporters, 27 bombs exploded, many at the homes of Grivas' followers.

Having failed to effect a truce with Grivas, Makarios on 13 March decided to dismiss at least 30 policemen suspected of being Grivas supporters and to add several hundred of his own men to the force. Makarios told Ambassador Popper that he is determined to neutralize Grivas. For his part, Grivas probably will stage more such attacks to demonstrate that he remains a force to be reckoned with.

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NOTES

Cuba-Panama: Cuba's foreign minister will begin negotiations with Panamanian officials this week on the establishment of diplomatic relations, [REDACTED]

[REDACTED] Castro apparently believes formal ties will help defeat US-supported sanctions against Cuba in next month's OAS meeting. For the Panamanians, formal ties would merely formalize a growing friendship that already includes cooperation on security, educational, and cultural matters.

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Venezuela: After meeting with President Caldera on 13 March, the secretary-general of the ruling Christian Democrats told newsmen that Caldera's party now favors advancing the date when facilities of foreign oil companies begin to revert to the state. The present date for reversion of these largely US-owned facilities is 1983. Even though the presidential elections are nine months away, party officials are concerned about recent public opinion polls that show their lackluster candidate, Lorenzo Fernandez, trailing the opposition. They expect to profit from exploiting this issue in a nationalistic fashion.

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